



## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-570-137]

#### **Pentafluoroethane (R-125) from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part**

**AGENCY:** Enforcement and Compliance, International Trade Administration, Department of Commerce.

**SUMMARY:** The Department of Commerce (Commerce) determines that pentafluoroethane (R-125) from the People's Republic of China (China) is being, or is likely to be, sold in the United States at less than fair value (LTFV). The period of investigation is July 1, 2020, through December 31, 2020. The final dumping margins of sales at LTFV is listed below in the "Final Determination" section of this notice.

**DATES:** Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

**FOR FURTHER INFORMATION CONTACT:** Alex Wood or Benjamin A. Luberd, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1959 or (202) 482-2185, respectively.

#### **SUPPLEMENTARY INFORMATION:**

##### Background

On August 17, 2021, Commerce published the *Preliminary Determination* of sales at LTFV of R-125 from China.<sup>1</sup> The petitioner in this investigation is Honeywell International Inc. The mandatory respondents in this investigation are Zhejiang Sanmei Chemical Ind. Co., Ltd. (Sanmei) and Zhejiang Quzhou Juxin Fluorine Chemical Co., Ltd. (Juxin).

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<sup>1</sup> See *Pentafluoroethane (R-125) from the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, in Part, Postponement of Final Determination, and Extension of Provisional Measures*, 86 FR 45959 (August 17, 2021) (*Preliminary Determination*).

A summary of the events that occurred since Commerce published the *Preliminary Determination*, as well as a full discussion of the issues raised by the parties for this final determination, are discussed in the Issues and Decision Memorandum.<sup>2</sup> The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>.

### Scope of the Investigation

The product covered by this investigation is R-125 from China. For a complete description of the scope of this investigation, *see* Appendix I.

### Scope Comments

In accordance with the preamble to Commerce's regulations,<sup>3</sup> the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).<sup>4</sup> Certain interested parties commented on the scope of the investigation as it appeared in the *Initiation Notice*. We addressed these comments in the *Preliminary Determination* and preliminarily modified the scope of this and the companion countervailing duty (CVD) investigation.<sup>5</sup> We established a period of time for parties to address scope issues in scope case and rebuttal briefs,<sup>6</sup> and we received such comments, which we addressed in the Final Scope Decision Memorandum.<sup>7</sup> After analyzing interested parties' comments, we made certain changes to the

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<sup>2</sup> See Memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination in the Less-Than-Fair-Value Investigation of Pentafluoroethane (R-125) from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

<sup>3</sup> See *Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

<sup>4</sup> See *Pentafluoroethane (R-125) from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 86 FR 8583 (February 8, 2021) (*Initiation Notice*).

<sup>5</sup> See *Preliminary Determination*, 86 FR at 45960; *see also* Memorandum, "Preliminary Scope Decision Memorandum," dated August 10, 2021 (Preliminary Scope Decision Memorandum).

<sup>6</sup> See Preliminary Scope Decision Memorandum at 2-3.

<sup>7</sup> See Memorandum, "Final Scope Decision Memorandum," dated concurrently with, and hereby adopted by, this notice (Final Scope Decision Memorandum).

scope of this and the concurrent CVD investigation that published in the *Preliminary Determination*. See Appendix I to this notice.

#### Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Issues and Decision Memorandum. A list of the issues raised is attached to this notice as Appendix II.

#### Verification

Commerce was unable to conduct on-site verification of the information relied upon in making its final determination in this investigation. However, we took additional steps in lieu of an on-site verification to verify the information relied upon in making this final determination, in accordance with section 782(i) of the Tariff Act of 1930, as amended (the Act).<sup>8</sup>

#### Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from parties, we made certain changes to the AD margin calculation for Sanmei.<sup>9</sup>

#### Final Affirmative Determination of Critical Circumstances

We continue to find that critical circumstances exist for imports of R-125 from China for the non-selected companies receiving a separate rate and the China-wide entity pursuant to sections 735(a)(3)(A) and (B) of the Act and 19 CFR 351.206.<sup>10</sup>

#### China-Wide Entity and the Use of Adverse Facts Available

For the reasons explained in the *Preliminary Determination*, we continue to find that the use of adverse facts available (AFA), pursuant to sections 776(a) and (b) of the Act, is warranted in determining the rate for the China-wide entity.<sup>11</sup> In selecting the AFA rate for the China-wide

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<sup>8</sup> See Commerce's Letter, "Zhejiang Sanmei Chemical Ind. Co., Ltd. Verification Questionnaire," dated September 9, 2021; see also Sanmei's Letter, "Submission of Zhejiang Sanmei's Verification Response," dated September 20, 2021.

<sup>9</sup> See Issues and Decision Memorandum.

<sup>10</sup> See Issues and Decision Memorandum at "VIII. Affirmative Determination of Critical Circumstances, in Part" and Comment 1.

<sup>11</sup> The China-wide entity includes those companies who did not submit a separate rate application and Juxin, which withdrew from participation as a mandatory respondent in this investigation.

entity, Commerce's practice is to select a rate that is sufficiently adverse to ensure that the uncooperative party does not obtain a more favorable result by failing to cooperate than if it had fully cooperated.<sup>12</sup> As AFA, we assigned the China-wide entity a dumping margin of 278.05 percent, which is the highest transaction-specific rate calculated for Sanmei for the final determination.<sup>13</sup> Because this constitutes primary information calculated in the normal course of the investigation, the statutory corroboration requirement in section 776(c) of the Act does not apply.

#### Separate Rates

For the final determination, we continue to find that Sanmei and certain non-individually examined respondents are eligible for separate rates. Generally, Commerce looks to section 735(c)(5)(A) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for separate rate respondents that we did not individually examine. Because the only individually calculated dumping margin for Sanmei is not zero, *de minimis*, or based entirely on facts otherwise available, the estimated weighted-average dumping margin calculated for Sanmei is the margin assigned to all other non-individually-examined separate rate recipients, pursuant to section 735(c)(5)(A) of the Act

#### Combination Rates

In the *Initiation Notice*,<sup>14</sup> Commerce stated that it would calculate producer/exporter combination rates for the respondents that are eligible for a separate rate in this investigation. For a list of the respondents that established eligibility for their own separate rates and the exporter/producer combination rates applicable to these respondents, *see* Appendix III.

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<sup>12</sup> See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Purified Carboxymethyl Cellulose from Finland*, 69 FR 77216 (December 27, 2004), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Purified Carboxymethyl Cellulose from Finland*, 70 FR 28279 (May 17, 2005).

<sup>13</sup> See Issues and Decision Memorandum at "IV. Use of Adverse Facts Available."

<sup>14</sup> See *Initiation Notice*, 86 FR at 8587.

## Final Determination

The final estimated weighted-average dumping margins are as follows:

| <b>Producer</b>                                                                                                 | <b>Exporter</b>                                                                         | <b>Estimated Weighted-Average Dumping Margin (percent)</b> | <b>Cash Deposit Rate (Adjusted for Subsidy Offsets) (percent)</b> |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------------|
| Zhejiang Sanmei Chemical Ind. Co., Ltd.                                                                         | Zhejiang Sanmei Chemical Ind. Co., Ltd.                                                 | 277.95                                                     | 267.41                                                            |
| Fujian Qingliu Dongying Chemical Ind. Co., Ltd.                                                                 | Zhejiang Sanmei Chemical Ind. Co., Ltd.                                                 | 277.95                                                     | 267.41                                                            |
| Producers Supplying the Non-Individually-Examined Exporters Receiving Separate Rates ( <i>see</i> Appendix III) | Non-Individually-Examined Exporters Receiving Separate Rates ( <i>see</i> Appendix III) | 277.95                                                     | 267.41                                                            |
| China-Wide Entity <sup>15</sup>                                                                                 |                                                                                         | 278.05                                                     | 267.51                                                            |

## Disclosure

Commerce intends to disclose the calculations performed in connection with this final determination within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b)

## Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, Commerce will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all appropriate entries of R-125 from Sanmei, the separate rates companies, and the China-wide entity.

To determine the cash deposit rate, Commerce normally adjusts the estimated weighted-average dumping margin by the amount of domestic subsidy pass-through and export subsidies determined in a companion CVD proceeding when CVD provisional measures are in effect. Accordingly, where Commerce makes an affirmative determination for domestic subsidy pass-through or export subsidies, Commerce offsets the calculated estimated weighted-average

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<sup>15</sup> The China-Wide Entity also includes Juxin.

dumping margin by the appropriate rate(s). In this case, we made a negative determination for domestic subsidy pass-through for all respondents,<sup>16</sup> but we found export subsidies for all respondents.<sup>17</sup> However, suspension of liquidation for provisional measures in the companion CVD case has been discontinued; therefore, we are not instructing CBP to collect cash deposits based upon the adjusted estimated weighted-average dumping margin for those export subsidies at this time.

Pursuant to section 735(c)(1)(B)(ii) of the Act, upon the publication of this notice, Commerce will instruct CBP to require a cash deposit equal to the weighted-average amount by which normal value exceeds U.S. price as follows: (1) the cash deposit rate for the exporter/producer combination listed in the table above or in Appendix III will be the rate identified for that combination in that table or Appendix III; (2) for all combinations of exporters/producers of merchandise under consideration that have not received their own separate rate, the cash deposit rate will be the cash deposit rate established for the China-wide entity; and (3) for all non-Chinese exporters of the merchandise under consideration that have not received their own separate rate, the cash deposit rate will be the cash deposit rate applicable to the Chinese exporter/producer combination that supplied that non-Chinese exporter. These suspension of liquidation instructions will remain in effect until further notice.

#### International Trade Commission Notification

In accordance with section 735(d) of the Act, we will notify the International Trade Commission (ITC) of our determination. Because the final determination in this proceeding is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of R-125 from China no later than 45 days after our final determination. If the ITC determines that material injury or threat of material

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<sup>16</sup> See Issues and Decision Memorandum at “VI. Adjustment Under Section 777A(f) of the Act.”

<sup>17</sup> *Id.* at “VII. Adjustments to Cash Deposit Rates for Export Subsidies.”

injury does not exist, the proceeding will be terminated, and all cash deposits will be refunded. If the ITC determines that such injury does exist, Commerce will issue an AD order directing CBP to assess, upon further instruction by Commerce, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation, as discussed above in the “Continuation of Suspension of Liquidation” section.

#### Notification Regarding Administrative Protective Orders

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an administrative protective order (APO) of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

#### Notification to Interested Parties

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act, and 19 CFR 351.210(c).

Dated: December 30, 2021.

**Ryan Majerus,**  
*Deputy Assistant Secretary  
for Policy and Negotiations,  
performing the non-exclusive functions and duties of the  
Assistant Secretary for Enforcement and Compliance.*

## Appendix I

### Scope of the Investigation

The merchandise covered by this investigation is pentafluoroethane (R-125), or its chemical equivalent, regardless of form, type or purity level. R-125 has the Chemical Abstracts Service (CAS) registry number of 354-33-6 and the chemical formula C<sub>2</sub>HF<sub>5</sub>. R-125 is also referred to as Pentafluoroethane, Genetron HFC 125, Khladon 125, Suva 125, Freon 125, and Fc-125.

R-125 contained in blends that do not conform to ANSI/ASHRAE Standard 34 is included in the scope of this investigation when R-125 constitutes the largest relative component by volume, on an actual percentage basis, of the blend.<sup>18</sup> However, R-125 incorporated into a blend that conforms to ANSI/ASHRAE Standard 34 is excluded from the scope of this investigation. When R-125 is blended with other products and otherwise falls under the scope of this investigation, only the R-125 component of the mixture is covered by the scope of this investigation.

Subject merchandise also includes purified and unpurified R-125 that is processed in a third country or otherwise outside the customs territory of the United States, including, but not limited to, purifying, blending, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the in-scope R-125. The scope also includes R-125 that is commingled with R-125 from sources not subject to this investigation. Only the subject component of such commingled products is covered by the scope of this investigation.

Excluded from the scope is merchandise covered by the scope of the antidumping order on *Hydrofluorocarbon Blends from the People's Republic of China*, including merchandise subject to the affirmative anti-circumvention determination in *Hydrofluorocarbon Blends from the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order; Unfinished R-32/R-125 Blends*, 85 FR 15428 (March 18, 2020). See *Hydrofluorocarbon Blends from the People's Republic of China: Antidumping Duty Order*, 81 FR 55436 (August 19, 2016) (the Blends Order).

R-125 is classified under Harmonized Tariff Schedule of the United States (HTSUS) subheading 2903.39.2035 and 2903.39.2038. Merchandise subject to the scope may also be entered under HTSUS subheadings 2903.39.2045, 3824.78.0020, and 3824.78.0050. The HTSUS subheadings and CAS registry number are provided for convenience and customs purposes. The written description of the scope of the investigation is dispositive.

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<sup>18</sup> “Largest relative component by volume, on an actual percentage basis” means that the percentage of R-125 contained in a blend is larger than the individual percentages of all the other components. For example, R-125 contained in a blend that does not conform to ANSI/ASHRAE Standard 34 and which contains 35% R-125 by volume is covered by the scope of the investigation if no other component part of the blend equals or exceeds 35% of the volume of the blend.



## Appendix II

### List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Investigation
- IV. Use of Adverse Facts Available
- V. Changes Since the Preliminary Determination
- VI. Adjustment Under Section 777A(f) of the Act
- VII. Adjustments to Cash Deposit Rates for Export Subsidies
- VIII. Affirmative Determination of Critical Circumstances, in Part
- IX. Discussion of the Issues
  - General Issues
  - Comment 1: Critical Circumstances
  - Sanmei-Specific Issues
  - Comment 2: Whether to Exclude Sanmei's Sales to T.T. International Co., Ltd.
  - Comment 3: Commerce's Preliminary Application of Facts Available
    - Comment 3A: Application of Adverse Facts Available
    - Comment 3B: Valuation of the Intermediate Input Anhydrous Fluoride
    - Comment 3C: Valuation of Sanmei's Steam Input
    - Comment 3D: By-Product Offsets
    - Comment 3E: Whether Sanmei Properly Reported Factors of Production
    - Comment 3F: Added Inland Movement Expense for Imported Perchloroethylene
  - Comment 4: Sanmei's Market Economy Purchases
  - Surrogate Values
  - Comment 5: Calculation of the Truck Freight Surrogate Value
  - Comment 6: Financial Statements
- X. Recommendation

### Appendix III

#### Separate Rate Companies

| <b>Exporter</b>                                                            | <b>Producer</b>                                                                                      |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| <b>Non-Individually-Examined Exporters<br/>Receiving Separate Rates</b>    | <b>Producers Supplying the Non-Individually-<br/>Examined Exporters Receiving Separate<br/>Rates</b> |
| Huantai Dongyue International Trade Co. Ltd.                               | Jinhua Binglong Chemical Technology Co., Ltd.                                                        |
| Shandong Dongyue Chemical Co., Ltd.                                        | Shandong Dongyue Chemical Co., Ltd.                                                                  |
| Shandong Huaan New Material Co., Ltd.                                      | Shandong Huaan New Material Co., Ltd.                                                                |
| T.T. International Co., Ltd./T.T. International Co., Limited <sup>19</sup> | Sinochem Environmental Protection Chemicals (Taicang) Co., Ltd.                                      |
| T.T. International Co., Ltd./T.T. International Co., Limited               | Zhejiang Quhua Fluor-Chemistry Co., Ltd.                                                             |
| T.T. International Co., Ltd./T.T. International Co., Limited               | Zhejiang Sanmei Chemical Industry. Co., Ltd.                                                         |
| Zhejiang Yonghe Refrigerant Co., Ltd.                                      | Jinhua Yonghe Fluorochemical Co., Ltd.                                                               |
| Zibo Feiyuan Chemical Co., Ltd.                                            | Zibo Feiyuan Chemical Co., Ltd.                                                                      |

[FR Doc. 2022-00178 Filed: 1/7/2022 8:45 am; Publication Date: 1/10/2022]

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<sup>19</sup> Commerce preliminarily determined that T.T. International Co., Ltd. and T.T. International Co., Limited are a single entity (collectively, TTI). See Memorandum, “Affiliation and Single Entity Status – T.T. International Co., Ltd.,” dated August 10, 2021. No party has challenged that finding for the final determination. Accordingly, we are treating TTI as a single entity for the purposes of the final determination.